

# ITEL

August 18, 1988

## Itel Rail Corporation

55 Francisco Street  
San Francisco, California 94133  
(415) 984-4000

RECORDED NO. 5782-13

AUG 21 1988-11 10 AM

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
Washington, DC 20423

Re: Exhibit 2 to Master Car Lease dated as of August 8, 1988,  
between Itel Railcar Corporation and CSX Transportation,  
Inc.

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Exhibit 2 under the Master Car Lease dated August 8, 1988, between Itel Railcar and CSX Transportation, Inc., which is being filed with the ICC simultaneously this date.

The parties to the aforementioned instrument are listed below:

Itel Railcar Corporation (Lessor)  
55 Francisco Street  
San Francisco, California 94133

CSX Equipment, a unit of  
CSX Transportation, Inc.  
Treasury Department - S/C B7J  
100 North Charles Street  
Baltimore, Maryland 21201

This Exhibit 2 covers fifty (50) 100-ton gondolas bearing reporting marks CSX 483104-483153.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

*patricia schumacker*

Patricia Schumacker  
Legal Department

1 5782/B LOT NO. 2226-02  
RECORDATION NO. \_\_\_\_\_ FILED 1988

AUG 21 1988 - 11 10 AM

EXHIBIT 2  
INTERSTATE COMMERCE COMMISSION

EXHIBIT 2 dated as of August 8, 1988 to Master Car Lease dated as of August 8, 1988 by and between ITEL RAILCAR CORPORATION ("Lessor") and CSX TRANSPORTATION, INC. ("Lessee").

Car Type: Used, 52' 6", 100-ton, Plate B Gondolas

Car Numbers: CSX 483104-483153

Total Number of Cars: Fifty (50)

Specified Commodities: Non-Corrosive

Term: Upon Delivery of each Car, through and including five (5) years after Delivery of the final Car. Upon Delivery of the final Car, Lessor shall provide written notice to Lessee of the date each Car was delivered and the expiration date with respect to all the Cars. Unless, within fifteen (15) days of the date of such notice, Lessee demonstrates to the reasonable satisfaction of Lessor that such expiration date is wrong, Lessee shall be deemed to have concurred to such expiration date.

Rate: The monthly rental ("Monthly Rental") shall be \_\_\_\_\_ per Car for each calendar month ("Month") during the Term. The Monthly Rental for periods of less than an entire Month shall be prorated at \_\_\_\_\_ per day for such Car during such Month for the Term.

Transfer Points: Delivery: Mutually agreed upon point on Lessee's lines

Return: Mutually agreed upon point on Lessee's lines

Repair:

Lessor shall, at its expense, perform or have performed all inspections of, maintenance and repairs to, and servicing of the Cars as shall be necessary to maintain the Cars in good operating condition suitable for Specified Commodities as provided in the AAR Interchange Rules, provided, however, that such repair, maintenance and servicing shall be performed at Lessee's expense in the event it was occasioned by the fault of Lessee (except for ordinary wear), or arises in those instances in which the Interchange Rules would assign responsibility to Lessee (as handling carrier handling a foreign car) for the loss, damage, destruction or liability requiring such repair, maintenance or servicing. Lessee shall, at its expense, inspect all Cars interchanged to Lessee from another railroad to insure that such Cars are in good working order and condition and Lessee shall be liable to Lessor for any repairs required for damage not noted at the time of such interchange which should have been noted at the time of interchange as provided in the applicable AAR Interchange Rules. Lessee shall use its best efforts to minimize any damages to the Cars which may be caused by any shipper on Lessee's railroad line.

Lessor shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition as specified in those Interchange Rules. Lessee may, at Lessor's expense, make running repairs to those parts of the Cars specified in Exhibit A, attached hereto, to facilitate continued immediate use of each Car, but shall not otherwise make any repairs, alterations, improvements, or additions to any Car without Lessor's prior written consent. If repairs are necessary to any Car beyond such running repairs, Lessee shall promptly notify Lessor. In no event shall Lessee place such Car into a private contract repair facility, or allow a private contractor to perform repairs to such Car on the property of Lessee without Lessor's prior written consent. All such repairs shall be performed under the direction and control of Lessor. Lessee shall be liable to Lessor for any revenues lost due to any unauthorized repair, alterations, improvement or addition. Title to such alteration, improvement or addition made, whether or not authorized, shall be and remain with Lessor. Should the AAR Mechanical Department inspect or investigate Lessee's facilities and determine that restitution is due owners of Cars repaired at Lessee's facilities, then Lessor shall be entitled to such restitution pursuant to AAR Rule 120 for all Cars owned or managed by Lessor, including the Cars, that were repaired at Lessee's facilities. Lessor shall have the right to perform Non-Routine Repairs, as hereinafter defined, to the Cars at a location on Lessee's property which is mutually agreeable to Lessor and Lessee or an independent repair facility. Non-Routine Repairs ("Non-Routine Repairs") shall be defined as repairs of the type that Lessor determines that Lessee would not normally perform or of the type that Lessor determines would normally precipitate movement of such Cars to a repair facility. Lessor shall notify Lessee at

least twenty-four (24) hours in advance of performing such Non-Routine Repairs.

Rental Abatement:

For any Car undergoing repairs for which Lessor is responsible, the Fixed Rent shall abate on the fifth (5th) day after a Car is placed into a repair facility and shall not recommence until the day such Car is delivered to Lessee or otherwise returned to service. In case of such abatement, the Term may, at Lessor's option, be extended for a period of time to be determined by dividing the aggregate number of days the Fixed Rent for the Cars subject to this Exhibit 2 was abated by the number of Cars subject to this Exhibit 2 on the date Lessor performs such calculation.

Taxes:

Lessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify Lessor and its successors against taxes, fees, levies, impost, duties or withholdings of any nature together with penalties, fines or interest thereon imposed on, incurred by or asserted against: (1) the Cars; (2) sale, lease, sublease or delivery of the Cars; (3) revenues earned by the Cars, including but not limited to mileage charges and/or car-hire revenues, during the term of Exhibit 2, except for taxes imposed on Lessor's income. Lessee will comply with all State and local laws requiring filing of ad valorem tax returns associated with the Cars. Lessee's obligations under this Section are limited to amounts directly related to possession and use of the Cars except for Lessor's income, alternative minimum or value added taxes.

Records:

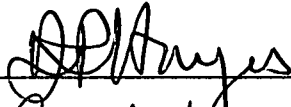
- A. Lessee shall, at its expense, prepare and file, with respect to the Cars, all documents relating to the registration, maintenance and record keeping functions normally performed by a railroad with respect to railroad equipment of the type subject to Exhibit 2. Such matters shall include, but are not limited to: (i) preparation of appropriate AAR interchange agreements with respect to the Cars; (ii) registration of the Cars in the Official Railway Equipment Register and the Universal Machine Language Equipment Register ("UMLER"); and (iii) preparation of any reports as may be required from time to time by the ICC and any other regulatory agencies with respect to the Cars. Lessee shall register each Car in UMLER in such a manner that Lessor or its agent is allowed access to any required information with regard to any Car.
- B. Lessee shall submit to Lessor a monthly report in complete AAR format for all sums due to Lessee from Lessor for such calendar month with respect to the maintenance of the Cars. Such report shall include all repair charges received by Lessee during the previous month. Lessor shall pay to Lessee all sums due pursuant to this Section within thirty (30) days after receipt of such monthly maintenance report and bill.

Return Condition:

Unless the failure to meet the Repair Condition (as provided hereinabove) is due to Lessor's default, Lessee agrees to return each Car in the same condition, order and repair as when delivered to Lessee, ordinary wear and tear and Lessor's own maintenance, repair and servicing obligation excepted, and shall be free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. Lessee shall continue to be liable for and shall pay all rental at the rate being paid immediately prior to termination or expiration, except for any Car(s) subject to Rental Abatement as provided hereinabove, until tendered to Lessor at the Return Transfer Point, unless otherwise mutually agreed, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of Exhibit 2 as though such termination or expiration had not occurred.

IN WITNESS WHEREOF, Lessor and Lessee have executed Exhibit 2 as of the day and year first above written.

ITEL RAILCAR CORPORATION

By:   
 Title: President  
 Date: August 8, 1988

CSX TRANSPORTATION, INC.

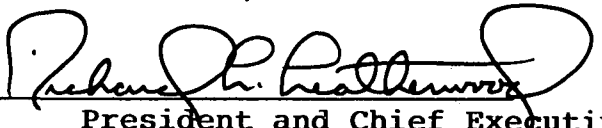
By:   
 Title: President and Chief Executive Officer - CSX Equipment  
 Date: July 28, 1988

EXHIBIT A

Gondolas

<u>Running Repairs</u>	<u>Running Repairs Continued</u>
Angle Cocks	Wheels
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plates (Not Replacement)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	
Hand Brakes	
Brake Beams and Levers	
Truck Springs	

STATE OF CALIFORNIA       )  
                                      ) ss:  
COUNTY OF SAN FRANCISCO)

On this 8th day of August, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being duly sworn says that such person is President of Itel Railcar Corporation, that the foregoing Exhibit 2 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon L. Van Fossan  
Notary Public



STATE OF MARYLAND )  
                                      ) ss  
CITY OF BALTIMORE )

On this 28th day of July, 1988, before me personally appeared Richard L. Leatherwood, to me personally known, who being me duly sworn says that such person is President and CEO - CSX of Equipment CSX Transportation, Inc., that the foregoing Exhibit 2 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Glenda J. Green  
Notary Public